



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB0671

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

- 40 ILCS 5/15-125.5 new
- 40 ILCS 5/15-155 from Ch. 108 1/2, par. 15-155
- 40 ILCS 5/16-119 new
- 40 ILCS 5/16-158 from Ch. 108 1/2, par. 16-158
- 30 ILCS 805/8.41 new

Amends the State Universities and Downstate Teacher Articles of the Illinois Pension Code. Provides that, for academic years beginning on or after July 1, 2017, if the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than the unadjusted percentage increase in the consumer price index-u for that year (rather than 6%), then the participant's employer shall pay to the applicable System, in addition to all other payments required and in accordance with guidelines established by that System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of the unadjusted percentage increase in the consumer price index-u for that year (rather than the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%). Defines "consumer price index-u". Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 06267 RPS 16304 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-155 and 16-158 and by adding Sections 15-125.5 and
6 16-119 as follows:

7 (40 ILCS 5/15-125.5 new)

8 Sec. 15-125.5. Consumer price index-u. "Consumer price
9 index-u": The index published by the Bureau of Labor Statistics
10 of the United States Department of Labor that measures the
11 average change in prices of goods and services purchased by all
12 urban consumers, United States city average, all items, 1982-84
13 = 100.

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

15 Sec. 15-155. Employer contributions.

16 (a) The State of Illinois shall make contributions by
17 appropriations of amounts which, together with the other
18 employer contributions from trust, federal, and other funds,
19 employee contributions, income from investments, and other
20 income of this System, will be sufficient to meet the cost of
21 maintaining and administering the System on a 90% funded basis
22 in accordance with actuarial recommendations.

1 The Board shall determine the amount of State contributions
2 required for each fiscal year on the basis of the actuarial
3 tables and other assumptions adopted by the Board and the
4 recommendations of the actuary, using the formula in subsection
5 (a-1).

6 (a-1) For State fiscal years 2012 through 2045, the minimum
7 contribution to the System to be made by the State for each
8 fiscal year shall be an amount determined by the System to be
9 sufficient to bring the total assets of the System up to 90% of
10 the total actuarial liabilities of the System by the end of
11 State fiscal year 2045. In making these determinations, the
12 required State contribution shall be calculated each year as a
13 level percentage of payroll over the years remaining to and
14 including fiscal year 2045 and shall be determined under the
15 projected unit credit actuarial cost method.

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 so that by State fiscal year 2011, the State is contributing at
20 the rate required under this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$166,641,900.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$252,064,100.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$702,514,000 and shall be made from the State Pensions Fund and
10 proceeds of bonds sold in fiscal year 2010 pursuant to Section
11 7.2 of the General Obligation Bond Act, less (i) the pro rata
12 share of bond sale expenses determined by the System's share of
13 total bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
15 proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2011 is
19 the amount recertified by the System on or before April 1, 2011
20 pursuant to Section 15-165 and shall be made from the State
21 Pensions Fund and proceeds of bonds sold in fiscal year 2011
22 pursuant to Section 7.2 of the General Obligation Bond Act,
23 less (i) the pro rata share of bond sale expenses determined by
24 the System's share of total bond proceeds, (ii) any amounts
25 received from the General Revenue Fund in fiscal year 2011, and
26 (iii) any reduction in bond proceeds due to the issuance of

1 discounted bonds, if applicable.

2 Beginning in State fiscal year 2046, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 90% of the total
5 actuarial liabilities of the System.

6 Amounts received by the System pursuant to Section 25 of
7 the Budget Stabilization Act or Section 8.12 of the State
8 Finance Act in any fiscal year do not reduce and do not
9 constitute payment of any portion of the minimum State
10 contribution required under this Article in that fiscal year.
11 Such amounts shall not reduce, and shall not be included in the
12 calculation of, the required State contributions under this
13 Article in any future year until the System has reached a
14 funding ratio of at least 90%. A reference in this Article to
15 the "required State contribution" or any substantially similar
16 term does not include or apply to any amounts payable to the
17 System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter, as calculated
21 under this Section and certified under Section 15-165, shall
22 not exceed an amount equal to (i) the amount of the required
23 State contribution that would have been calculated under this
24 Section for that fiscal year if the System had not received any
25 payments under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act, minus (ii) the portion of the State's

1 total debt service payments for that fiscal year on the bonds
2 issued in fiscal year 2003 for the purposes of that Section
3 7.2, as determined and certified by the Comptroller, that is
4 the same as the System's portion of the total moneys
5 distributed under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act. In determining this maximum for State
7 fiscal years 2008 through 2010, however, the amount referred to
8 in item (i) shall be increased, as a percentage of the
9 applicable employee payroll, in equal increments calculated
10 from the sum of the required State contribution for State
11 fiscal year 2007 plus the applicable portion of the State's
12 total debt service payments for fiscal year 2007 on the bonds
13 issued in fiscal year 2003 for the purposes of Section 7.2 of
14 the General Obligation Bond Act, so that, by State fiscal year
15 2011, the State is contributing at the rate otherwise required
16 under this Section.

17 (b) If an employee is paid from trust or federal funds, the
18 employer shall pay to the Board contributions from those funds
19 which are sufficient to cover the accruing normal costs on
20 behalf of the employee. However, universities having employees
21 who are compensated out of local auxiliary funds, income funds,
22 or service enterprise funds are not required to pay such
23 contributions on behalf of those employees. The local auxiliary
24 funds, income funds, and service enterprise funds of
25 universities shall not be considered trust funds for the
26 purpose of this Article, but funds of alumni associations,

1 foundations, and athletic associations which are affiliated
2 with the universities included as employers under this Article
3 and other employers which do not receive State appropriations
4 are considered to be trust funds for the purpose of this
5 Article.

6 (b-1) The City of Urbana and the City of Champaign shall
7 each make employer contributions to this System for their
8 respective firefighter employees who participate in this
9 System pursuant to subsection (h) of Section 15-107. The rate
10 of contributions to be made by those municipalities shall be
11 determined annually by the Board on the basis of the actuarial
12 assumptions adopted by the Board and the recommendations of the
13 actuary, and shall be expressed as a percentage of salary for
14 each such employee. The Board shall certify the rate to the
15 affected municipalities as soon as may be practical. The
16 employer contributions required under this subsection shall be
17 remitted by the municipality to the System at the same time and
18 in the same manner as employee contributions.

19 (c) Through State fiscal year 1995: The total employer
20 contribution shall be apportioned among the various funds of
21 the State and other employers, whether trust, federal, or other
22 funds, in accordance with actuarial procedures approved by the
23 Board. State of Illinois contributions for employers receiving
24 State appropriations for personal services shall be payable
25 from appropriations made to the employers or to the System. The
26 contributions for Class I community colleges covering earnings

1 other than those paid from trust and federal funds, shall be
2 payable solely from appropriations to the Illinois Community
3 College Board or the System for employer contributions.

4 (d) Beginning in State fiscal year 1996, the required State
5 contributions to the System shall be appropriated directly to
6 the System and shall be payable through vouchers issued in
7 accordance with subsection (c) of Section 15-165, except as
8 provided in subsection (g).

9 (e) The State Comptroller shall draw warrants payable to
10 the System upon proper certification by the System or by the
11 employer in accordance with the appropriation laws and this
12 Code.

13 (f) Normal costs under this Section means liability for
14 pensions and other benefits which accrues to the System because
15 of the credits earned for service rendered by the participants
16 during the fiscal year and expenses of administering the
17 System, but shall not include the principal of or any
18 redemption premium or interest on any bonds issued by the Board
19 or any expenses incurred or deposits required in connection
20 therewith.

21 (g) For academic years beginning on or after June 1, 2005
22 and before July 1, 2017, if ~~if~~ the amount of a participant's
23 earnings for any academic year used to determine the final rate
24 of earnings, determined on a full-time equivalent basis,
25 exceeds the amount of his or her earnings with the same
26 employer for the previous academic year, determined on a

1 full-time equivalent basis, by more than 6%, the participant's
2 employer shall pay to the System, in addition to all other
3 payments required under this Section and in accordance with
4 guidelines established by the System, the present value of the
5 increase in benefits resulting from the portion of the increase
6 in earnings that is in excess of 6%. This present value shall
7 be computed by the System on the basis of the actuarial
8 assumptions and tables used in the most recent actuarial
9 valuation of the System that is available at the time of the
10 computation. The System may require the employer to provide any
11 pertinent information or documentation.

12 Whenever it determines that a payment is or may be required
13 under this subsection (g), the System shall calculate the
14 amount of the payment and bill the employer for that amount.
15 The bill shall specify the calculations used to determine the
16 amount due. If the employer disputes the amount of the bill, it
17 may, within 30 days after receipt of the bill, apply to the
18 System in writing for a recalculation. The application must
19 specify in detail the grounds of the dispute and, if the
20 employer asserts that the calculation is subject to subsection
21 (h) or (i) of this Section, must include an affidavit setting
22 forth and attesting to all facts within the employer's
23 knowledge that are pertinent to the applicability of subsection
24 (h) or (i). Upon receiving a timely application for
25 recalculation, the System shall review the application and, if
26 appropriate, recalculate the amount due.

1 The employer contributions required under this subsection
2 (g) may be paid in the form of a lump sum within 90 days after
3 receipt of the bill. If the employer contributions are not paid
4 within 90 days after receipt of the bill, then interest will be
5 charged at a rate equal to the System's annual actuarially
6 assumed rate of return on investment compounded annually from
7 the 91st day after receipt of the bill. Payments must be
8 concluded within 3 years after the employer's receipt of the
9 bill.

10 When assessing payment for any amount due under this
11 subsection (g), the System shall include earnings, to the
12 extent not established by a participant under Section 15-113.11
13 or 15-113.12, that would have been paid to the participant had
14 the participant not taken (i) periods of voluntary or
15 involuntary furlough occurring on or after July 1, 2015 and on
16 or before June 30, 2017 or (ii) periods of voluntary pay
17 reduction in lieu of furlough occurring on or after July 1,
18 2015 and on or before June 30, 2017. Determining earnings that
19 would have been paid to a participant had the participant not
20 taken periods of voluntary or involuntary furlough or periods
21 of voluntary pay reduction shall be the responsibility of the
22 employer, and shall be reported in a manner prescribed by the
23 System.

24 (g-1) For academic years beginning on or after July 1,
25 2017, if the amount of a participant's earnings for any
26 academic year used to determine the final rate of earnings,

1 determined on a full-time equivalent basis, exceeds the amount
2 of his or her earnings with the same employer for the previous
3 academic year, determined on a full-time equivalent basis, by
4 more than the unadjusted percentage increase in the consumer
5 price index-u for that year, then the participant's employer
6 shall pay to the System, in addition to all other payments
7 required under this Section and in accordance with guidelines
8 established by the System, the present value of the increase in
9 benefits resulting from the portion of the increase in earnings
10 that is in excess of the unadjusted percentage increase in the
11 consumer price index-u for that year. This present value shall
12 be computed by the System on the basis of the actuarial
13 assumptions and tables used in the most recent actuarial
14 valuation of the System that is available at the time of the
15 computation. The System may require the employer to provide any
16 pertinent information or documentation.

17 Whenever it determines that a payment is or may be required
18 under this subsection (g-1), the System shall calculate the
19 amount of the payment and bill the employer for that amount.
20 The bill shall specify the calculations used to determine the
21 amount due. If the employer disputes the amount of the bill, it
22 may, within 30 days after receipt of the bill, apply to the
23 System in writing for a recalculation. The application must
24 specify in detail the grounds of the dispute and, if the
25 employer asserts that the calculation is subject to subsection
26 (i-1) of this Section, must include an affidavit setting forth

1 and attesting to all facts within the employer's knowledge that
2 are pertinent to the applicability of subsection (i-1). Upon
3 receiving a timely application for recalculation, the System
4 shall review the application and, if appropriate, recalculate
5 the amount due.

6 The employer contributions required under this subsection
7 (g-1) may be paid in the form of a lump sum within 90 days after
8 receipt of the bill. If the employer contributions are not paid
9 within 90 days after receipt of the bill, then interest shall
10 be charged at a rate equal to the System's annual actuarially
11 assumed rate of return on investment compounded annually from
12 the 91st day after receipt of the bill. Payments must be
13 concluded within 3 years after the employer's receipt of the
14 bill.

15 (h) This subsection (h) applies only to payments made or
16 salary increases given on or after June 1, 2005 but before July
17 1, 2011. The changes made by Public Act 94-1057 shall not
18 require the System to refund any payments received before July
19 31, 2006 (the effective date of Public Act 94-1057).

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude earnings increases paid to
22 participants under contracts or collective bargaining
23 agreements entered into, amended, or renewed before June 1,
24 2005.

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to a

1 participant at a time when the participant is 10 or more years
2 from retirement eligibility under Section 15-135.

3 When assessing payment for any amount due under subsection
4 (g), the System shall exclude earnings increases resulting from
5 overload work, including a contract for summer teaching, or
6 overtime when the employer has certified to the System, and the
7 System has approved the certification, that: (i) in the case of
8 overloads (A) the overload work is for the sole purpose of
9 academic instruction in excess of the standard number of
10 instruction hours for a full-time employee occurring during the
11 academic year that the overload is paid and (B) the earnings
12 increases are equal to or less than the rate of pay for
13 academic instruction computed using the participant's current
14 salary rate and work schedule; and (ii) in the case of
15 overtime, the overtime was necessary for the educational
16 mission.

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude any earnings increase resulting
19 from (i) a promotion for which the employee moves from one
20 classification to a higher classification under the State
21 Universities Civil Service System, (ii) a promotion in academic
22 rank for a tenured or tenure-track faculty position, or (iii) a
23 promotion that the Illinois Community College Board has
24 recommended in accordance with subsection (k) of this Section.
25 These earnings increases shall be excluded only if the
26 promotion is to a position that has existed and been filled by

1 a member for no less than one complete academic year and the
2 earnings increase as a result of the promotion is an increase
3 that results in an amount no greater than the average salary
4 paid for other similar positions.

5 (i) When assessing payment for any amount due under
6 subsection (g), the System shall exclude any salary increase
7 described in subsection (h) of this Section given on or after
8 July 1, 2011 but before July 1, 2014 under a contract or
9 collective bargaining agreement entered into, amended, or
10 renewed on or after June 1, 2005 but before July 1, 2011.
11 Notwithstanding any other provision of this Section, any
12 payments made or salary increases given after June 30, 2014
13 shall be used in assessing payment for any amount due under
14 subsection (g) of this Section.

15 (i-1) When assessing payment for any amount due under
16 subsection (g-1), the System shall exclude earnings increases
17 paid to participants under contracts or collective bargaining
18 agreements entered into, amended, or renewed before the
19 effective date of this amendatory Act of the 100th General
20 Assembly.

21 (j) The System shall prepare a report and file copies of
22 the report with the Governor and the General Assembly by
23 January 1, 2007 that contains all of the following information:

24 (1) The number of recalculations required by the
25 changes made to this Section by Public Act 94-1057 for each
26 employer.

1 (2) The dollar amount by which each employer's
2 contribution to the System was changed due to
3 recalculations required by Public Act 94-1057.

4 (3) The total amount the System received from each
5 employer as a result of the changes made to this Section by
6 Public Act 94-4.

7 (4) The increase in the required State contribution
8 resulting from the changes made to this Section by Public
9 Act 94-1057.

10 (k) The Illinois Community College Board shall adopt rules
11 for recommending lists of promotional positions submitted to
12 the Board by community colleges and for reviewing the
13 promotional lists on an annual basis. When recommending
14 promotional lists, the Board shall consider the similarity of
15 the positions submitted to those positions recognized for State
16 universities by the State Universities Civil Service System.
17 The Illinois Community College Board shall file a copy of its
18 findings with the System. The System shall consider the
19 findings of the Illinois Community College Board when making
20 determinations under this Section. The System shall not exclude
21 any earnings increases resulting from a promotion when the
22 promotion was not submitted by a community college. Nothing in
23 this subsection (k) shall require any community college to
24 submit any information to the Community College Board.

25 (1) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

1 shall be equal to the actuarial value of the System's assets,
2 which shall be calculated as follows:

3 As of June 30, 2008, the actuarial value of the System's
4 assets shall be equal to the market value of the assets as of
5 that date. In determining the actuarial value of the System's
6 assets for fiscal years after June 30, 2008, any actuarial
7 gains or losses from investment return incurred in a fiscal
8 year shall be recognized in equal annual amounts over the
9 5-year period following that fiscal year.

10 (m) For purposes of determining the required State
11 contribution to the system for a particular year, the actuarial
12 value of assets shall be assumed to earn a rate of return equal
13 to the system's actuarially assumed rate of return.

14 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
15 99-897, eff. 1-1-17.)

16 (40 ILCS 5/16-119 new)

17 Sec. 16-119. Consumer price index-u. "Consumer price
18 index-u": The index published by the Bureau of Labor Statistics
19 of the United States Department of Labor that measures the
20 average change in prices of goods and services purchased by all
21 urban consumers, United States city average, all items, 1982-84
22 = 100.

23 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

24 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 16-158. Contributions by State and other employing
3 units.

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (b-3).

16 (a-1) Annually, on or before November 15 until November 15,
17 2011, the Board shall certify to the Governor the amount of the
18 required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial recommendations upon which it is based and
21 shall specifically identify the System's projected State
22 normal cost for that fiscal year.

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

3 On or before July 1, 2005, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2006, taking
6 into account the changes in required State contributions made
7 by this amendatory Act of the 94th General Assembly.

8 On or before April 1, 2011, the Board shall recalculate and
9 recertify to the Governor the amount of the required State
10 contribution to the System for State fiscal year 2011, applying
11 the changes made by Public Act 96-889 to the System's assets
12 and liabilities as of June 30, 2009 as though Public Act 96-889
13 was approved on that date.

14 (a-5) On or before November 1 of each year, beginning
15 November 1, 2012, the Board shall submit to the State Actuary,
16 the Governor, and the General Assembly a proposed certification
17 of the amount of the required State contribution to the System
18 for the next fiscal year, along with all of the actuarial
19 assumptions, calculations, and data upon which that proposed
20 certification is based. On or before January 1 of each year,
21 beginning January 1, 2013, the State Actuary shall issue a
22 preliminary report concerning the proposed certification and
23 identifying, if necessary, recommended changes in actuarial
24 assumptions that the Board must consider before finalizing its
25 certification of the required State contributions. On or before
26 January 15, 2013 and each January 15 thereafter, the Board

1 shall certify to the Governor and the General Assembly the
2 amount of the required State contribution for the next fiscal
3 year. The Board's certification must note any deviations from
4 the State Actuary's recommended changes, the reason or reasons
5 for not following the State Actuary's recommended changes, and
6 the fiscal impact of not following the State Actuary's
7 recommended changes on the required State contribution.

8 (b) Through State fiscal year 1995, the State contributions
9 shall be paid to the System in accordance with Section 18-7 of
10 the School Code.

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From the effective date of this amendatory Act of the
17 93rd General Assembly through June 30, 2004, the Board shall
18 not submit vouchers for the remainder of fiscal year 2004 in
19 excess of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (a) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this subsection, the
5 difference shall be paid from the Common School Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

8 (b-2) Allocations from the Common School Fund apportioned
9 to school districts not coming under this System shall not be
10 diminished or affected by the provisions of this Article.

11 (b-3) For State fiscal years 2012 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

21 For State fiscal years 1996 through 2005, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 so that by State fiscal year 2011, the State is contributing at
25 the rate required under this Section; except that in the
26 following specified State fiscal years, the State contribution

1 to the System shall not be less than the following indicated
2 percentages of the applicable employee payroll, even if the
3 indicated percentage will produce a State contribution in
4 excess of the amount otherwise required under this subsection
5 and subsection (a), and notwithstanding any contrary
6 certification made under subsection (a-1) before the effective
7 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
8 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
9 2003; and 13.56% in FY 2004.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$534,627,700.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$738,014,500.

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$2,089,268,000 and shall be made from the proceeds of bonds
25 sold in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the Common School Fund
3 in fiscal year 2010, and (iii) any reduction in bond proceeds
4 due to the issuance of discounted bonds, if applicable.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2011 is
7 the amount recertified by the System on or before April 1, 2011
8 pursuant to subsection (a-1) of this Section and shall be made
9 from the proceeds of bonds sold in fiscal year 2011 pursuant to
10 Section 7.2 of the General Obligation Bond Act, less (i) the
11 pro rata share of bond sale expenses determined by the System's
12 share of total bond proceeds, (ii) any amounts received from
13 the Common School Fund in fiscal year 2011, and (iii) any
14 reduction in bond proceeds due to the issuance of discounted
15 bonds, if applicable. This amount shall include, in addition to
16 the amount certified by the System, an amount necessary to meet
17 employer contributions required by the State as an employer
18 under paragraph (e) of this Section, which may also be used by
19 the System for contributions required by paragraph (a) of
20 Section 16-127.

21 Beginning in State fiscal year 2046, the minimum State
22 contribution for each fiscal year shall be the amount needed to
23 maintain the total assets of the System at 90% of the total
24 actuarial liabilities of the System.

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

1 Finance Act in any fiscal year do not reduce and do not
2 constitute payment of any portion of the minimum State
3 contribution required under this Article in that fiscal year.
4 Such amounts shall not reduce, and shall not be included in the
5 calculation of, the required State contributions under this
6 Article in any future year until the System has reached a
7 funding ratio of at least 90%. A reference in this Article to
8 the "required State contribution" or any substantially similar
9 term does not include or apply to any amounts payable to the
10 System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter, as calculated
14 under this Section and certified under subsection (a-1), shall
15 not exceed an amount equal to (i) the amount of the required
16 State contribution that would have been calculated under this
17 Section for that fiscal year if the System had not received any
18 payments under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act, minus (ii) the portion of the State's
20 total debt service payments for that fiscal year on the bonds
21 issued in fiscal year 2003 for the purposes of that Section
22 7.2, as determined and certified by the Comptroller, that is
23 the same as the System's portion of the total moneys
24 distributed under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act. In determining this maximum for State
26 fiscal years 2008 through 2010, however, the amount referred to

1 in item (i) shall be increased, as a percentage of the
2 applicable employee payroll, in equal increments calculated
3 from the sum of the required State contribution for State
4 fiscal year 2007 plus the applicable portion of the State's
5 total debt service payments for fiscal year 2007 on the bonds
6 issued in fiscal year 2003 for the purposes of Section 7.2 of
7 the General Obligation Bond Act, so that, by State fiscal year
8 2011, the State is contributing at the rate otherwise required
9 under this Section.

10 (c) Payment of the required State contributions and of all
11 pensions, retirement annuities, death benefits, refunds, and
12 other benefits granted under or assumed by this System, and all
13 expenses in connection with the administration and operation
14 thereof, are obligations of the State.

15 If members are paid from special trust or federal funds
16 which are administered by the employing unit, whether school
17 district or other unit, the employing unit shall pay to the
18 System from such funds the full accruing retirement costs based
19 upon that service, which, beginning July 1, 2014, shall be at a
20 rate, expressed as a percentage of salary, equal to the total
21 minimum contribution to the System to be made by the State for
22 that fiscal year, including both normal cost and unfunded
23 liability components, expressed as a percentage of payroll, as
24 determined by the System under subsection (b-3) of this
25 Section. Employer contributions, based on salary paid to
26 members from federal funds, may be forwarded by the

1 distributing agency of the State of Illinois to the System
2 prior to allocation, in an amount determined in accordance with
3 guidelines established by such agency and the System. Any
4 contribution for fiscal year 2015 collected as a result of the
5 change made by this amendatory Act of the 98th General Assembly
6 shall be considered a State contribution under subsection (b-3)
7 of this Section.

8 (d) Effective July 1, 1986, any employer of a teacher as
9 defined in paragraph (8) of Section 16-106 shall pay the
10 employer's normal cost of benefits based upon the teacher's
11 service, in addition to employee contributions, as determined
12 by the System. Such employer contributions shall be forwarded
13 monthly in accordance with guidelines established by the
14 System.

15 However, with respect to benefits granted under Section
16 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
17 of Section 16-106, the employer's contribution shall be 12%
18 (rather than 20%) of the member's highest annual salary rate
19 for each year of creditable service granted, and the employer
20 shall also pay the required employee contribution on behalf of
21 the teacher. For the purposes of Sections 16-133.4 and
22 16-133.5, a teacher as defined in paragraph (8) of Section
23 16-106 who is serving in that capacity while on leave of
24 absence from another employer under this Article shall not be
25 considered an employee of the employer from which the teacher
26 is on leave.

1 (e) Beginning July 1, 1998, every employer of a teacher
2 shall pay to the System an employer contribution computed as
3 follows:

4 (1) Beginning July 1, 1998 through June 30, 1999, the
5 employer contribution shall be equal to 0.3% of each
6 teacher's salary.

7 (2) Beginning July 1, 1999 and thereafter, the employer
8 contribution shall be equal to 0.58% of each teacher's
9 salary.

10 The school district or other employing unit may pay these
11 employer contributions out of any source of funding available
12 for that purpose and shall forward the contributions to the
13 System on the schedule established for the payment of member
14 contributions.

15 These employer contributions are intended to offset a
16 portion of the cost to the System of the increases in
17 retirement benefits resulting from this amendatory Act of 1998.

18 Each employer of teachers is entitled to a credit against
19 the contributions required under this subsection (e) with
20 respect to salaries paid to teachers for the period January 1,
21 2002 through June 30, 2003, equal to the amount paid by that
22 employer under subsection (a-5) of Section 6.6 of the State
23 Employees Group Insurance Act of 1971 with respect to salaries
24 paid to teachers for that period.

25 The additional 1% employee contribution required under
26 Section 16-152 by this amendatory Act of 1998 is the

1 responsibility of the teacher and not the teacher's employer,
2 unless the employer agrees, through collective bargaining or
3 otherwise, to make the contribution on behalf of the teacher.

4 If an employer is required by a contract in effect on May
5 1, 1998 between the employer and an employee organization to
6 pay, on behalf of all its full-time employees covered by this
7 Article, all mandatory employee contributions required under
8 this Article, then the employer shall be excused from paying
9 the employer contribution required under this subsection (e)
10 for the balance of the term of that contract. The employer and
11 the employee organization shall jointly certify to the System
12 the existence of the contractual requirement, in such form as
13 the System may prescribe. This exclusion shall cease upon the
14 termination, extension, or renewal of the contract at any time
15 after May 1, 1998.

16 (f) For school years beginning on or after June 1, 2005 and
17 before July 1, 2017, if ~~if~~ the amount of a teacher's salary for
18 any school year used to determine final average salary exceeds
19 the member's annual full-time salary rate with the same
20 employer for the previous school year by more than 6%, the
21 teacher's employer shall pay to the System, in addition to all
22 other payments required under this Section and in accordance
23 with guidelines established by the System, the present value of
24 the increase in benefits resulting from the portion of the
25 increase in salary that is in excess of 6%. This present value
26 shall be computed by the System on the basis of the actuarial

1 assumptions and tables used in the most recent actuarial
2 valuation of the System that is available at the time of the
3 computation. If a teacher's salary for the 2005-2006 school
4 year is used to determine final average salary under this
5 subsection (f), then the changes made to this subsection (f) by
6 Public Act 94-1057 shall apply in calculating whether the
7 increase in his or her salary is in excess of 6%. For the
8 purposes of this Section, change in employment under Section
9 10-21.12 of the School Code on or after June 1, 2005 shall
10 constitute a change in employer. The System may require the
11 employer to provide any pertinent information or
12 documentation. The changes made to this subsection (f) by this
13 amendatory Act of the 94th General Assembly apply without
14 regard to whether the teacher was in service on or after its
15 effective date.

16 Whenever it determines that a payment is or may be required
17 under this subsection, the System shall calculate the amount of
18 the payment and bill the employer for that amount. The bill
19 shall specify the calculations used to determine the amount
20 due. If the employer disputes the amount of the bill, it may,
21 within 30 days after receipt of the bill, apply to the System
22 in writing for a recalculation. The application must specify in
23 detail the grounds of the dispute and, if the employer asserts
24 that the calculation is subject to subsection (g) or (h) of
25 this Section, must include an affidavit setting forth and
26 attesting to all facts within the employer's knowledge that are

1 pertinent to the applicability of that subsection. Upon
2 receiving a timely application for recalculation, the System
3 shall review the application and, if appropriate, recalculate
4 the amount due.

5 The employer contributions required under this subsection
6 (f) may be paid in the form of a lump sum within 90 days after
7 receipt of the bill. If the employer contributions are not paid
8 within 90 days after receipt of the bill, then interest will be
9 charged at a rate equal to the System's annual actuarially
10 assumed rate of return on investment compounded annually from
11 the 91st day after receipt of the bill. Payments must be
12 concluded within 3 years after the employer's receipt of the
13 bill.

14 (f-1) For school years beginning on or after July 1, 2017,
15 if the amount of a teacher's salary for any school year used to
16 determine final average salary exceeds the member's annual
17 full-time salary rate with the same employer for the previous
18 school year by more than the unadjusted percentage increase in
19 the consumer price index-u for that year, then the teacher's
20 employer shall pay to the System, in addition to all other
21 payments required under this Section and in accordance with
22 guidelines established by the System, the present value of the
23 increase in benefits resulting from the portion of the increase
24 in salary that is in excess of the unadjusted percentage
25 increase in the consumer price index-u for that year. This
26 present value shall be computed by the System on the basis of

1 the actuarial assumptions and tables used in the most recent
2 actuarial valuation of the System that is available at the time
3 of the computation. The System may require the employer to
4 provide any pertinent information or documentation.

5 Whenever it determines that a payment is or may be required
6 under this subsection (f-1), the System shall calculate the
7 amount of the payment and bill the employer for that amount.
8 The bill shall specify the calculations used to determine the
9 amount due. If the employer disputes the amount of the bill, it
10 may, within 30 days after receipt of the bill, apply to the
11 System in writing for a recalculation. The application must
12 specify in detail the grounds of the dispute and, if the
13 employer asserts that the calculation is subject to subsection
14 (h-1) of this Section, must include an affidavit setting forth
15 and attesting to all facts within the employer's knowledge that
16 are pertinent to the applicability of subsection (h-1). Upon
17 receiving a timely application for recalculation, the System
18 shall review the application and, if appropriate, recalculate
19 the amount due.

20 The employer contributions required under this subsection
21 (f-1) may be paid in the form of a lump sum within 90 days after
22 receipt of the bill. If the employer contributions are not paid
23 within 90 days after receipt of the bill, then interest shall
24 be charged at a rate equal to the System's annual actuarially
25 assumed rate of return on investment compounded annually from
26 the 91st day after receipt of the bill. Payments must be

1 concluded within 3 years after the employer's receipt of the
2 bill.

3 (g) This subsection (g) applies only to payments made or
4 salary increases given on or after June 1, 2005 but before July
5 1, 2011. The changes made by Public Act 94-1057 shall not
6 require the System to refund any payments received before July
7 31, 2006 (the effective date of Public Act 94-1057).

8 When assessing payment for any amount due under subsection
9 (f), the System shall exclude salary increases paid to teachers
10 under contracts or collective bargaining agreements entered
11 into, amended, or renewed before June 1, 2005.

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude salary increases paid to a
14 teacher at a time when the teacher is 10 or more years from
15 retirement eligibility under Section 16-132 or 16-133.2.

16 When assessing payment for any amount due under subsection
17 (f), the System shall exclude salary increases resulting from
18 overload work, including summer school, when the school
19 district has certified to the System, and the System has
20 approved the certification, that (i) the overload work is for
21 the sole purpose of classroom instruction in excess of the
22 standard number of classes for a full-time teacher in a school
23 district during a school year and (ii) the salary increases are
24 equal to or less than the rate of pay for classroom instruction
25 computed on the teacher's current salary and work schedule.

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude a salary increase resulting from
2 a promotion (i) for which the employee is required to hold a
3 certificate or supervisory endorsement issued by the State
4 Teacher Certification Board that is a different certification
5 or supervisory endorsement than is required for the teacher's
6 previous position and (ii) to a position that has existed and
7 been filled by a member for no less than one complete academic
8 year and the salary increase from the promotion is an increase
9 that results in an amount no greater than the lesser of the
10 average salary paid for other similar positions in the district
11 requiring the same certification or the amount stipulated in
12 the collective bargaining agreement for a similar position
13 requiring the same certification.

14 When assessing payment for any amount due under subsection
15 (f), the System shall exclude any payment to the teacher from
16 the State of Illinois or the State Board of Education over
17 which the employer does not have discretion, notwithstanding
18 that the payment is included in the computation of final
19 average salary.

20 (h) When assessing payment for any amount due under
21 subsection (f), the System shall exclude any salary increase
22 described in subsection (g) of this Section given on or after
23 July 1, 2011 but before July 1, 2014 under a contract or
24 collective bargaining agreement entered into, amended, or
25 renewed on or after June 1, 2005 but before July 1, 2011.
26 Notwithstanding any other provision of this Section, any

1 payments made or salary increases given after June 30, 2014
2 shall be used in assessing payment for any amount due under
3 subsection (f) of this Section.

4 (h-1) When assessing payment for any amount due under
5 subsection (f-1), the System shall exclude earnings increases
6 paid to participants under contracts or collective bargaining
7 agreements entered into, amended, or renewed before the
8 effective date of this amendatory Act of the 100th General
9 Assembly.

10 (i) The System shall prepare a report and file copies of
11 the report with the Governor and the General Assembly by
12 January 1, 2007 that contains all of the following information:

13 (1) The number of recalculations required by the
14 changes made to this Section by Public Act 94-1057 for each
15 employer.

16 (2) The dollar amount by which each employer's
17 contribution to the System was changed due to
18 recalculations required by Public Act 94-1057.

19 (3) The total amount the System received from each
20 employer as a result of the changes made to this Section by
21 Public Act 94-4.

22 (4) The increase in the required State contribution
23 resulting from the changes made to this Section by Public
24 Act 94-1057.

25 (j) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

1 shall be equal to the actuarial value of the System's assets,
2 which shall be calculated as follows:

3 As of June 30, 2008, the actuarial value of the System's
4 assets shall be equal to the market value of the assets as of
5 that date. In determining the actuarial value of the System's
6 assets for fiscal years after June 30, 2008, any actuarial
7 gains or losses from investment return incurred in a fiscal
8 year shall be recognized in equal annual amounts over the
9 5-year period following that fiscal year.

10 (k) For purposes of determining the required State
11 contribution to the system for a particular year, the actuarial
12 value of assets shall be assumed to earn a rate of return equal
13 to the system's actuarially assumed rate of return.

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
16 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.41 as follows:

19 (30 ILCS 805/8.41 new)

20 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 100th General Assembly.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.